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The Montana Coal
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THE MONTANA COAL BOARD

An Historical Perspective

1975-1992

"We came
We did &
We're proud"

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PLEASE RETURN



PROLOGUE

The Montana Coal Board was created in 1975 with the adoption of the Coal Severance Tax through Senate Bill 87. Thirty percent of coal proceeds were paid in taxes to aid the state and the coal impacted areas. It was created in an attempt to avoid a situation like that of Appalachia, where the coal mines closed and entire communities were thrown into poverty. Montana wanted to avoid this type of scenario and created a way to at least postpone such a catastrophe. In doing so more than \$66 million has been granted by the Coal Board since the first award in 1976.

This is a compilation of the Montana Coal Board: its achievements, its problems, its style and its people. Over the years, there has been a wide range of interest among its members and a large scope of problems and solutions. They have helped Montanans in nearly every walk of life.

The information in this work covers the Legislation that has affected the Coal Board or the Coal Severance Tax, all Attorney General's Opinions that were requested by the Coal Board, two legal suits concerning the Severance Tax, the Board members, the types of grants that have been awarded, methods of applying for grants, how the Severance Tax is broken down and who receives each portion, and even a little about how coal mining began in Montana and how it has augmented our economy.

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COAL MINING IN MONTANA

Montana's natural resources have been its backbone since the settling of the old west in the 1800s. The Treasure State got its name from the vast mineral deposits found in its hills, valleys and plains. Gold and silver drew people here. Copper kept it alive. Soon uranium, oil, and timber became great economic boosts for the huge and geographically remote state.

The Timberline Mine between Bozeman and Livingston introduced coal mining to Montana in 1883. By 1893 coal mining was a significant part of the state's economy. Mines near Great Falls, Lewistown, Red Lodge and Roundup played a large role in the early coal mining industry.

Coal was first mined in Colstrip in 1923 and was the site of the first all electric mine in the United States in 1927. The mine was prosperous until it closed in 1957. In 1968 it was purchased by the Montana Power Company and coal production began again. The energy crisis did not burst upon the national scene for several years, but with the crisis a large demand for Montana coal followed in the early 1970s. The Montana Coal Severance Tax approved by the Legislature in 1975 hit the mines hard, (Speech by Dr. Tom Finch, 1988 Montana Coal Symposium) but as Montana Supreme Court Justice John Sheehy said as the coal severance tax was upheld in 1981:

"Montana's experience has shown that its mineral wealth could be exhausted and exported with little left for Montana to make up the loss of its irreplaceable resources. Montana has been painfully educated by the extreme economic jolts that follow when the mine runs out, the oil depletes, or the timber saws come still. We have a good many examples to teach us what happens to our hills when the riches of our treasure state are spent." (Montana Supreme Court Justice, John Sheehy after upholding the Montana Coal Severance Tax)

We need to keep in mind that our coal is not replaceable and that we must protect ourselves and our state from the calamities that could occur when the coal mines shut down. Through the years the Montana Coal Board has helped the small communities in eastern Montana in an extreme way. The severance tax has in many ways been put to good use in restoring and updating those towns and counties. Since it's inception in 1975, the Montana Coal Board has awarded some 230 grants to Montana counties, cities, towns, school districts and governmental units. Awards are given to areas where the coal industry has had an intense impact on the community.

SB87 (ADOPTED)

In 1975 the Legislature of the State of Montana enacted Senate Bill 87 which created a 30% severance tax on coal extracted from Montana mines. The introduction to Senate Bill 87 reads:

AN ACT CREATING FUNDS FOR ASSISTING LOCAL GOVERNMENTS AND HIGHWAY SYSTEMS IMPACTED BY COAL DEVELOPMENT AND FOR THE SUPPORT OF PUBLIC SCHOOLS THROUGHOUT THE STATE; CREATING A FUND TO SUPPORT COUNTY PLANNING; ALLOCATING CERTAIN REVENUE FROM COAL TAXES TO THE FUNDS; ESTABLISHING A BOARD TO MAKE GRANTS TO LOCAL GOVERNMENTS; AUTHORIZING THE DEPARTMENT OF COMMUNITY AFFAIRS TO SUPPORT COUNTY PLANNING; DIRECTING THE DEPARTMENT OF HIGHWAYS TO RECONSTRUCT CERTAIN ROADS; ESTABLISHING A LEGISLATIVE REVIEW COMMITTEE; and MAKING APPROPRIATIONS

TAX BREAKDOWN

When the Montana Coal Severance Tax became law, the money collected was earmarked to fund 10 different programs, with the remainder being funnelled into the state's General Fund. In Fiscal Year 1976 that equaled 40% to the General Fund. The

other beneficiaries were school equalization (10%), alternative energy (2.5%), county land planning (1%), renewable resources bond (2.5%), park acquisition trust (1.25%), acquisition sites and areas (1.25%), coal area highway improvement (10%) impacted counties (4%), and Local Impact (Coal Board) and Education Trust (27.5).

The Local Impact and Education Trust Funds were originally combined as one allocation receiving 27.5% of the total severance tax revenues. The Montana Coal Board could grant no more than seven-elevenths of this allocation to coal impacted areas, with the remaining four-elevenths placed directly in the Education Trust fund. These ratios defined the amount of tax monies allocated to each portion of the Local Impact and Education Trust fund with seven-elevenths equal to 17.5% and four-elevenths equal to 10% of the total coal severance tax revenues. At the end of the fiscal year any money not obligated by the Coal Board was immediately reverted to the Education Trust.

The Education Trust fund was created as an inviolate trust that could only be used if approved by a three-fourths vote in each house of the Legislature. In 1987 the Legislature voted to use the money in the trust to balance the state's budget and from that point on eliminate the fund entirely. At the time, the account held approximately \$70 million.

Coal tax allocations are continually changing. Programs are added and phased out at nearly every

legislative session but revenues are generally distributed among 10-12 areas over the biennium. Since the inception of the tax, funds allocated directly to impacted counties, the coal area highway improvement programs, sites and areas acquisition, the alternative energy fund, and the education trust fund have been completely phased out. The allocation of funds through the agriculture act, state library fund, highway reconstruction trust, conservation districts and the permanent trust fund have since been implemented.

The Permanent Trust fund was not included in the original bill (SB87) passed in 1975. In 1976 a bill was proposed to amend the Montana Constitution of 1972 to create the permanent trust. This amendment was approved at the general election of 1976, effective July 1, 1977. It stated that between July 1, 1977 and December 31, 1979 not less than 25% of the coal severance taxes collected would be earmarked for the Permanent Trust fund; and as of January 1, 1980 no less than 50% of coal tax revenues would be placed in the Permanent Trust fund. The interest income generated could be appropriated by a simple majority vote of the Legislature; however, the principle was to remain forever inviolate (unless passed by a 3/4 vote of both houses). By 1992, the Permanent Trust stood at nearly \$500 million.

Similar to the 50% allocation directed to the Permanent Trust fund, the Highway Reconstruction fund has been allocated 12% of the total coal

severance tax receipts since its creation in FY87. All other recipients obtain their share from the remaining 38%. This means that the Coal Board now receives 17.5% of 38% which is equivalent to 6.65% of the total coal severance tax revenues. Likewise the General Fund receives 40.5% of 38% which is equal to 15.39% of the total.

In 1991 the Legislature reorganized the distribution of the tax once again. Now the Permanent Trust receives 50%, the General fund receives about 15.39% (the remaining after all other allocations have been distributed), the Highway Reconstruction fund receives 12%, Public Schools are now getting 11.4%, Local Impact is at 6.65% and all other distributions equal 4.56%. The graph on page 35 indicates the difference.

Eligible coal impacted local governments were determined early in the Coal Board's organizational statutes. SB87 prioritized areas that experienced a 10% increase in population or enrollment in a three year period following 1972, as being eligible to receive at least 50% of all the impact assistance funding. In January, 1976, Rosebud was the only county certified while three incorporated cities, Hardin, Lodge Grass and Forsyth, and five elementary and four high school districts in Birney, Forsyth, Rosebud, Colstrip, Ashland and Hardin were considered eligible to share in the 50% funding provision. Since 1988 there have been no designated impact areas that are eligible for 50% of the impact assistance. Thus,

all coal impacted areas are equally eligible to receive grant monies.

ADMINISTRATIVE MATTERS

In any organization it is necessary to set up some guidelines to follow. It has always been the Coal Board's desire to remain as flexible as possible, but that has occasionally been disputed by the Legislature and even by the people of the impacted communities. The Board worked to keep the lines of communication open but some regulations were necessary. Four basic objectives were adopted in order to allow things to run smoothly.

First, they had to decide on a way of determining eligibility based on the requirements set forth in SB87; need, severity of impact, degree of local effort and availability of funds. They evaluated the importance of the project and how it was related to coal development; whether or not the community had experienced a 10% population increase; the amount of money the community could and was willing to contribute to the project; and how much money was available to the Coal Board for grants.

Second, the Board needed to find a way to identify coal impact areas through a financial assessment system so they began looking at mill levies and local tax bases. Population increase was closely monitored in order to determine which

areas were eligible for 50% of the tax money.

Third, a method of receiving and reviewing applications needed to be adopted. They developed a two step system in which a pre-application was submitted and approved before a full application would be considered. The Department of Community Affairs staff researched each project and reported to the Board. This system gave the Board unbiased information to use when analyzing each application. The two step approach allowed the Board members time to think about the projects and give them full consideration rather than making hasty decisions.

Fourth, a way of inspecting the projects after the grants were awarded needed to be established. Originally the Board members made trips to the sites to view the progress, but later an evaluator was hired to conduct inspections of the projects and to report to the Board. It was important that these objectives be met and upheld by the new Montana Coal Board.

A loose set of guidelines was drawn up and a public hearing was set, for December 1975, in order to obtain opinions on the Board's rules and procedures from the people affected by coal development. It was discovered at the hearing, however, that the public was misinformed and confused about the Coal Board's purpose. Instead of getting input on the proposed guidelines, the Board members were questioned about who

would receive the money, how often they could submit applications and what to do if an application was denied. The people seemed to want to set rules immediately, and the Board was leery of doing just that for fear of inhibiting their performance.

A question concerning whether or not the Coal Board would meet somewhere other than Helena arose. It was decided that if arrangements could be made elsewhere, the meetings could be moved. At the outset meetings were held once every month with most of the meetings held either in Helena or in Billings, which made it easier for people from the coal impacted eastern part of the state to attend.

The Board launched their program in 1976 with full force. They began with an informational meeting in Forsyth which helped clarify a lot of points both for the Board and the residents and government agencies affected by the grants.

Concerns about the Board's rules and procedures were brought out during the question and answer portion of the informational session. The Board assured the public that the application procedure was very simple. All that would be asked on the pre-application would be 1) the amount of money needed, 2) reasons for the request and 3) a few details. The pre-application would be reviewed by the Department of Community Affairs (DCA) staff who would make recommendations to the Board. The Board would review the pre-

applications and take into consideration the staff recommendations. Each applicant was given 45 minutes to present its request before the Board at regular meetings. A letter, 1) requesting a full application or 2) denying the pre-application, including reasons for the denial, would be sent to the applicant. Revised pre-applications could be resubmitted.

Following the pre-application process, full applications containing more detailed information such as the project's proposed budget and construction schedule would be included, again considering staff recommendations. During the full application stage each applicant was allowed 30 minutes to present the project. Once the grant was awarded, an agreement form was signed and warrants were issued to cover submitted invoices on a regular basis.

They clarified the fact that there was NO set of priorities, i.e., schools would not be funded before sewers. This seemed to be a question on the minds of many of the people who would be applying for grants. Instead of setting an order of approval, the Board decided that it would be more beneficial to everyone concerned if each application was considered on its own merit, not on the mere wording of a policy.

With their objectives, guidelines, rules and procedures in place and their enthusiasm high, the members of the newly created Montana Coal Board set about on their statutory task to mitigate the impact from large scale coal development.

MEMBERS

The Montana Coal Board is a citizen board made up of interested Montana residents appointed by the Governor. They are not politicians and are not tied to any definite political party or special interest group. According to one of the original Board members, the Governor placed "full faith in the Coal Board and never tried to influence any decision". That faith has held steady throughout the Coal Board's tenure.

They were also compassionate toward the applicants. Each was given adequate time to assure that no hasty decisions would be made, with the very first pre-application discussed for nearly an hour before being denied. They not only looked at the information in the pre-application and full application, but whether or not the community could support it once the project was complete. They did not want to place undue tax burdens on the people in the individual communities. It is refreshing to know there have been governmental organizations that truly had the people's interests at heart, right from the beginning.

The original Coal Board members were appointed by Governor Thomas L. Judge. B.J. "Swede" Goodheart, Malta; W.R. "Bill" Anderson, Hardin; Eugene J. Schuld, Circle; Mrs. Veronica (John Justin) Sullivan, Butte; Jack E. Cohn, Helena; William

F. Meisburger, Forsyth; and Henry Siderius, Kalispell had their work cut out for them. (Biographies of each Board member are found on pages iv - vii.) Even though they did not award any grants in 1975, it was up to this group to make the decisions that would effect the functioning and effectiveness of the Board for years to come. They were a group who honestly had the needs of the people in mind. In their first meetings, they made many decisions, some of which may have seemed inconsequential but would, in fact, forever affect the Montana Coal Board, its beneficiaries and its entire future.

^

The Board decided at the early meetings that future elections of Chairman and Vice-chairman would be held during the first meeting of the first quarter of each fiscal year. Both positions were to be elected yearly, i.e., the chairman position would not be handed to the vice-chairman. B.J. "Swede" Goodheart was unanimously elected chairman and Jack Cohn vice-chairman on the second day of the first meeting.

^

The Board members seemed to become fast friends. They joked with each other and made plans to get together after the meeting even though they were on their own time then. They did not know many other people in the communities they were meeting in so it was convenient for them to get together. They seemed to enjoy one another's company which is beneficial in any organization. It

helps in the decision making process as well as the atmosphere of the meetings. Since they felt comfortable around each other they were less intimidated and more likely to state their opinions without fear of having it held against them. This rapport also made it obvious that they respected each other's opinions and beliefs. This creation of friendships greatly aided in the Board's effectiveness. One past Board member commented that "Members became lasting friends, but that was not a deterrent to the action on the Board - everyone did their own thinking!!"

Harold Fryslie became the director of the Department of Community Affairs in 1977. He, like many others, believed the Board was doing a great job and intended to only help when called upon to do so. However, he did want to remain active with the Coal Board in order to maintain relations and let them know that he would be around whenever needed. The Board was receptive and welcomed him to their meetings and asked him to share his opinions whenever he liked, even though they did not always agree with his views. This seemed like the beginning of a good working relationship.

In January, 1979 Dr. W.R. "Bill" Anderson stepped down from the Board. He was replaced by Paul Palm, Hardin Public School District Programs Director. This represented

the first change in the Coal Board's membership.

The first meeting of 1981 was held in March after the new Governor, Ted Schwinden, was inaugurated and four new Board members were appointed. Paul Palm, Dale Tash and Henry Siderius were the three remaining members, while the new members included Hershel M. Robbins, Nell Kubesh, Darcy Galasso, and Jack G. Stevens. Hershel Robbins was selected chairman and Henry Siderius vice-chairman.

LEGISLATION

1976

There has always been concern among Coal Board members about the appropriation of money. In their February, 1976 meeting, they were already discussing two bills, Senate Bill 86 and House Bill 642, that would be on the November ballot concerning the amount of money that the Coal Board would receive in the years to come. One suggested cutting them to only 4% by 1980 which would be less than one-fourth the amount of the 1976 allotment of 17.5%. If the funds were cut so drastically there was concern that the Coal Board may not remain in existence. Just as the Coal Impact Highway fund would be phased out by 1980, they were afraid of being phased out as well.

1977

The passage of SB44 in 1977 set the percentage of coal tax money to be placed in the Permanent Trust fund and adjusted the portion of the tax going to each of the other funds. It also made it necessary for the Board to operate under 82A-112, R.C.M., 1947 and to change some of their policy.

Under 82A-112, R.C.M. 1947 each quasi-judicial board was required to:

- 1) have at least one member be a licensed attorney in Montana,
- 2) members must be appointed by the governor,
- 3) each appointment must be confirmed by the Senate,
- 4) a vacancy must be filled in the same way as a regular appointment,
- 5) make a recommendation to the Governor as to whom they believed should be Chairman of that board. The Governor designates the chairman (the recommendation of the board members was usually followed.)

[Before this point the Board selected their own Chairmen. This bit of legislation added "red tape" to the already over-complicated governmental system.] The Board recommended Jack Cohn as Chairman and Bill Meisburger for the vice-chairman position. The recommendations were approved by Governor Thomas L. Judge.

- 6) the governor can remove members, if there is cause.

In early summer of 1977, the Coal Board faced a large hurdle caused by a clause in House Bill 145 (HB145). This clause stated that the Coal Board was to submit applications to the Office of Budget and Program Planning at least four weeks before the grants were awarded. This allowed the budget office to observe the Board's actions and make comments or recommendations to be considered by the Board. A second clause in the bill involved the Department of State Lands (DSL) and was designed to take pressure off the Coal Board, by assigning the responsibility of designating coal impact areas to the Department of State Lands (while DCA staff was already performing this function).

These actions fell hard among the Board members and were difficult to administer. One Legislative Coal Tax Oversight Committee member stated that he felt that considering all submitted pre-applications would be advantageous for DSL even though many pre-applications never become requests for grants. This would tremendously increase the workload of DSL and the Legislative Finance Committee, and most likely cause conflicts in judgement. For instance, what would happen if the Coal Board denied a grant but DSL approved it? Who would be the deciding factor? What if the Board's decision was based differently? What if DSL could not keep up with the number of pre-applications sent to them and notification was delayed for months at a time? At the June

meeting one of the Board members commented that they had already received 65 pre-applications at that time, but 23 of them had been denied. DSL could be conducting 1/3 fewer investigations by not looking at every pre-application received. Since the Board makes its final decisions on full applications that would make it impossible to get them to DSL four weeks in advance.

These problems were brought to the Legislative Coal Tax Oversight Committee in July, 1977, when the two bodies held a joint meeting to discuss the wording and the implications of these clauses. The members of the Oversight Committee were very apologetic to the Coal Board for allowing such a bill to slip through and promised to work to have it repealed during the next legislative session.

They also encountered some controversy when the Office of Budget and Program Planning did not agree with the option of looking at all pre-applications and was interested in reviewing only the final grant proposals. However, when referring directly to the language of the bill, it could be interpreted to mean that any pre-application was a proposed grant. The clause reads:

The appropriations to the Coal Board for grants may be spent only upon notification to the Budget Director and the Legislative Finance Committee of any PROPOSED grant and such notification shall be made four weeks PRIOR to the APPROVAL of a grant.

It was later suggested by Senator Towe that the Legislative Finance Committee create a resolution making it easier to have grants approved and money awarded.

Along that same line, following lengthy discussion concerning the Department of State Lands certifying impact areas, Senator Towe drew up a resolution for the Oversight Committee to adopt. It read:

BE IT RESOLVED BY THIS COMMITTEE AS FOLLOWS:

In order to allow the original intent of SB87 to be accomplished, namely, to allow the Coal Board to:

(1) make grants to units of local government that are affected by coal development even though mining of coal or using of coal is not taking place in that county; and,

(2) make grants to units of local government for planning purposes before any mining or using of coal takes place; the language in HB145 (that the Department of State Lands certify that significant development will affect the area in which the grant is to be spent) should be interpreted as follows:

(A) "significant development" is not limited to actual mining of coal or using of coal in that area, but includes development activities preliminary to actual mining or using of coal such as, but not limited to, planning activities

by coal companies preliminary to actually applying for a coal mining permit; and,

(B) "will affect the area" does not limit grants to areas where coal is actually being mined or used, but an area adjoining or nearby the county where coal is mined or used may be affected by the activity in the adjoining or nearby county. It is hoped by this Committee that the certification by the Department of State Lands will be made after consultation with the staff that has considered this same question in the Department of Community Affairs.

This resolution was intended to cut down on paper work and make it easier for the Coal Board to function until the next legislative session at which time the Oversight Committee would work to have it repealed. The motion passed through the committee unanimously.

1979

The Legislature began putting pressure on the Coal Board to draw up a more distinct set of guidelines for determining eligibility and local effort. Senator Towe revised what the Board had because, according to the Legislature, it was too flexible. After some discussion among Board members and between Board members and Senator Towe, the revisions were finalized and the Board accepted what they were given.

There was a great deal of question concerning the wording of HB483. The Board's desire was to remain as flexible as possible and in the original wording the word "shall" was used which restricted them to a more definite decision. After consultation with Senator Towe, the word was changed to "may", which allowed the decision to rest again with the Board. It is amazing what a difference one word can make. HB483, when approved by the Legislature in 1979, read:

"The appropriation to the Coal Board for grants MAY be spent only upon justification of each grant prior to its award to the Budget Director and the Legislative Finance Committee. Such justification shall be furnished at least four weeks prior to approval of a grant."

The Coal Board was informed, however, that they had to send copies of full applications, reports, recommendations, and observations dealing with proposed grants, and official minutes which indicated grant justification, to the Legislative Fiscal Analyst's Office. The office would then write analyses of the Coal Board's actions. In response to this attempt to gain some control over the Board, members agreed to send full applications, recommendations, and minutes to the Fiscal Analyst. However, attached to the minutes, as their justification, they added the following statement to each grant awarded.

"This grant justified pursuant to criteria set forth in

existing legislation as determined by the Montana Coal Board in the exercise of its lawful discretion."

The word "may" rather than "shall" and the stated justification helped the Board maintain their flexibility and autonomy.

1980

Minor changes in the Board guidelines came about in 1980/1981. They instigated a requirement making it necessary that their administrative officer receive all pre-applications and applications at least 30 days prior to the next meeting date to be considered for Board action. Any other written material was to be received no less than ten days before the meeting to be placed on the meeting agenda. Exceptions to these procedures were at the discretion of the Board.

The second alteration was a more definitive description of "state agency" and outlined under what circumstances each would be eligible for grants. It stated that an eligible state agency:

a) is one seeking a grant to assist a local governmental unit by providing a service which the local government unit is legally responsible to provide in whole or in part and such service must be expanded because of coal development impact; and the applying state agency is either joined in application by the local governmental unit's governing body or has received letters of

support from such authority; or,

b) is one applying to provide direct service to the Coal Board to enable the Board to more effectively discharge its statutory responsibilities. (June 1980, tapes of work session)

1981

During the 1981 Legislative session two bills were passed that directly affected the Coal Board while several others were considered but failed. The more relevant bills included:

Senate bill 208 (SB208), introduced by Senator Towe, allowing the Coal Board to consider loans to impact areas from the Local Impact and Education Trust fund account. SB208 was successful; however, the Board has yet to issue a loan because of the restriction on using property tax funds as a method of repayment which eliminates the major funding source for most local governments.

House bill 432 (HB432) created the Department of Commerce by combining the Department of Community Affairs and segments of several other agencies. As a division of the Department of Community Affairs, the Coal Board was administratively relocated but there was no direct bearing on the Board's functions.

Prominent bills that failed to pass included Senate bill 260 (SB260) which would have reallocated the Coal Severance Tax and increased the amount reserved for the general fund.

Senate bill 207 (SB207), submitted by Senator Towe, would have allowed for the funding of coal development impact costs by drawing the necessary funds from the Permanent Trust Fund Account created in Article 9, Section 5 of the Montana Constitution. (Official recordings, Coal Board meeting, March, 1981)

House bill 791 (HB791) would have replaced the Coal Board with a community development board empowered to make grants and loans to local governments for capital projects. It would have functioned much like the Coal Board but coal tax funds would have been reallocated and a portion of other natural resources taxes would have been added to a community development account. (Coal Board meeting, March 1983, work session minutes, p. 3.)

1983

Several changes in legislation were seen in 1983. Senate bill 186 (SB186) gave the Coal Board authority to grant loans to impacted local governments and included several different issues and amendments. Federally recognized Indian Tribes became eligible for loans and grants, however, they could not exceed 7% of the total money allocated to the Board during each fiscal year. (Coal Board meeting, April 1983, minutes, pp. 5-6.)

House bill 105 (HB105), suggested by the Coal Tax Oversight Subcommittee, was designed to funnel the interest from the Educational Trust Fund into the State Vocational

Education Program. During the next five years, rather than re-invest it in the trust it provided a large bonus to the vocational system. (Coal Board meeting, February 1983, minutes, p. 6.)

House bill 109 (HB109) attempted to separate the Local Impact and Educational Trust Fund accounts and allow any unexpended balance in the Local Impact account to be carried over into the next fiscal year to be granted. HB109 was killed in the House Appropriations Committee. (Coal Board meeting, February 1983, minutes, p. 5.)

House bill 462 (HB462) was submitted to increase the Coal Board members per diem from \$25.00 to \$50.00. This measure died in the Committee on State Administration, but (Coal Board meeting, February 1983, minutes, p. 6) Senate bill 312 (SB312) accomplished the same increase and included all quasi-judicial, licensing and regulatory state boards. (Coal Board meeting, April 1983, minutes, p. 6.)

House bill 520 (HB520), "the designation bill", was signed into law with two purposes: the creation of an annual designation process that would add to or delete from the list of impacted areas and made it necessary for the Department of Commerce to maintain an updated list. (Coal Board meeting, April 1983, minutes, p. 6.)

House bill 556 (HB556) allowed the Coal Board to consider granting money to local government units for the purpose of making up the difference in tax receipts under the pre-payment of taxes statute. (Coal

Board meeting, February 1983, minutes, p. 5.)

1984

During the interim the Coal Board and the Coal Tax Oversight Subcommittee worked together to get bills ready for introduction to the regular Legislative session. Two issues were covered.

A bill was drafted to revise the provisions set up for repayment of Coal Board loans, making it more feasible for cities and counties to apply by allowing the use of property taxes for repayment. The Subcommittee did not endorse this action and the Coal Board was required to find a sponsor for it.

Another bill was drafted and endorsed by the Subcommittee which would maintain the unexpended Coal Board appropriation and authorize the Board to designate impact and impact of decline areas, and award grants and loans to these areas. It was designed to create an "impact of decline account" by providing an exception to the reversion law which stated that all unexpended funds were to be reverted to the Educational Trust Fund.

1985

This was an active year for the Coal Board where legislation was concerned. Three Senate bills and two House bills were passed that affected the Board. They experienced funds taken, percentages slashed and some measure of controversy.

Senate bill 156 (SB156) entitled "Revision of Designation Criteria for Coal Board grants and loans" was sponsored by Senator Towe. The new criteria allowed for more governmental units to be designated and eligible to receive no less than 50% of the money available to the Board each fiscal year. A provision was included to allow for designation of a county if new or existing mines produced more than one million tons per year or coal burning facilities used more than one million tons per year. A decrease in mining activity is covered as are local government units within 50 miles of a mine that contained at least 10% of the total county population. No financial impact was achieved through this bill but more impact areas were immediately designated, such as the Town of Broadus and Powder River County. (Coal Board meeting, April 1985, minutes, pp. 8-9.)

Senate bill 284 (SB284) was intended to revise the methods for repayment of Coal Board loans. Two provisions provided that local governments could borrow money more directly from the Coal Board and repayment could be made through property tax proceeds. The final bill defined that local governments could repay the Coal Board only through fees, rentals, admissions, use charges or special assessments. Both of these provisions were thrown out, and when the bill finally passed it was virtually the same as SB208 from 1981, the original bill that it replaced. (Coal Board meeting, April 1985, minutes, p. 9.)

Senate bill 379 (SB379) gave the Coal Board authorization to make grants to the Department of Highways for certain highway construction repair and maintenance projects. It was stipulated that the highways needed to be deficient due to coal development and coal related transportation. (Coal Board meeting, April 1985, minutes, p. 9.)

House bill 919 (HB919) was a huge blow to the Board. Some portions of the coal severance tax were reallocated to the State General Fund, the alternative energy program and the highway program. Even though several legislators attempted to get this bill killed or modified it passed with a large majority and reduced Coal Board grant funds from 8.75% to 3.0%. Projections showed a drop from more than \$9 million for FY86 to only \$3.1 million with this reduction scheduled to last two years. (Coal Board meeting, April 1985, minutes, pp. 7-8.)

House bill 949 (HB949) slashed the Coal Board funds again. This time \$750,000 was taken directly from grant funds and given to the School Foundation program. It decreased the amount of funds available to the Board from \$7,717,000.00 to \$6,967,000.00 for FY85. (Coal Board meeting, April 1985, minutes, p. 8.)

1986

The State of Montana began running into serious budget problems in 1986. Governor Ted Schwinden asked the Coal Board for suggestions on making up the State's general fund deficit. He assured them that their

funds would not be touched for FY86 or FY87 because of the percentage decrease they had received (down to 3%), but it was very uncertain for FY88 since the percentage allocated to the Local Impact fund would be increased to 6.65% again.

The Board did their part in helping to balance the budget by offering all unexpended FY86 funds to the General Fund to be used for education and other immediate priorities. For FY87 they offered \$1 million to be used to benefit all Montana citizens and the Legislature accepted the offer during the June 1986 Special Session. The Board realized that like similar boards, they would be highly scrutinized by the Legislature during the 1987 Legislative session in order to balance the budget.

After a great deal of discussion the Board decided to draw up another resolution that suggested decreasing the percentage of funding available to the Coal Board from 6.65% to 1.25%. The difference would then be transferred to the General Fund to ease the budget shortfall. By doing this \$4.6 million of FY88 and \$4.7 million of FY89 funds would go to the General Fund.

1987

During the busy Fiftieth Legislative session 18 bills were considered for passage that in some way affected the Local Impact account. By the end of the session, however, only one bill was approved. This measure was the Governor's bill, introduced by Senator VanValkenburg,

to implement the resolution drawn up by the Coal Board in November, 1986 suggesting that the local impact allocation be decreased to 1.25%. After discussion and amendments offered, the bill was eventually passed in the final hours of the session and in the end the Legislature had actually increased the Board's recommended 1.25% allocation to 1.52%. The increase would allow enough additional revenue to fund the Eastern Coal Counties Task Force undercover drug program for an additional two years. This act virtually took away the Board's spending authority for the entire biennium leaving enough to keep it going administratively, but little to award grants.

1989

In 1989 six Senate bills, and ten House bills plus three Joint Resolutions were introduced during the Fifty-first legislative session. All of the Senate bills and the Joint Resolutions were killed or died in committee, while only four of the House bills were signed into law.

House bill 4 (HB4), requested by the Coal Tax Oversight Subcommittee, clarified the rate of coal severance tax on certain coal. It initiated a reduction of the tax rate, from 13% to 10%, on coal with a BTU rating less than 7,000. This bill decreased Coal Board revenue by approximately \$3,500 in FY90 and just over \$8,000 for FY91.

House bill 226 (HB226) transferred the responsibility of preparing a report on how the Coal

Tax Trust fund was going to be used to help create a strong, stable and diverse economy throughout the state. Responsibility was changed from the Board of Investments to the Coal Tax Oversight Subcommittee.

House bill 526 (HB526) eliminated the allocation of Coal Severance Tax revenues to the Alternative Energy Account. Unobligated funds equaling about \$1.6 million through the biennium were transferred to the general fund. Through this measure the Coal Board was not financially effected.

House bill 709 (HB709) extracted \$2.8 million from the Local Impact Account and transferred it to the Department of Highways to match funds from Big Horn County to complete construction on Montana Highway 314 between Busby and Decker in the coal impacted region of the state.

1991

Of the 11 bills introduced during the Fifty-second Legislature that pertained to the Coal Severance Tax or the Coal Board, only one was passed into law. House bill 684 (HB684) confiscated \$1 million of non-spending authority* surplus funds from the Local Impact account (graph page ii). Of this total \$500,000 was appropriated to Eastern Montana College for a clean fuels information center while \$250,000 went toward the MHD-Corrette plant modification as a loan and the remaining \$250,000 was reverted to the School Foundation Program. (* The Coal Board's spending authority is the amount of

money the Board has to grant as determined by the Legislature at each regular session, according to projected tax revenues. Taxes on the Decker mine were underpaid to the Department of Revenue by \$13 million, \$1 million of which was credited to the Local Impact Account. Rather than expand the Coal Board's spending authority by \$1 million, the money was allocated to EMC, MHD and the School Foundation Program.)

ATTORNEY GENERAL'S OPINIONS

Through the years the Montana Coal Board has uncovered several instances where the wording of laws or statutes and occasionally the definition of words was unclear. In these instances the opinion of the State's Attorney General became an important determining factor in the Board's action. Few opinions have been sought, but when they were rendered they were important to the efficient functioning of the Coal Board.

April 22, 1976 - (Volume 36, Opinion 74) "Government Unit-General"

The first Attorney General's Opinion requested in 1976 questioned the general definition of "governmental unit" when seeking to qualify for local impact assistance. Attorney General Robert Woodahl held that local governmental units included "only incorporated cities

and towns, consolidated governments pursuant to Chapter 34 of Title 11, R.C.M. 1947, and school districts...under Chapter 18 of Title 50. He further stated that since Indian tribes are semi-autonomous and the state has no authority to create, alter, control or terminate their existence, they were not considered local government units, and; therefore, were not eligible to receive local impact assistance.

May 11, 1977 - (Volume 37, Opinion 22) "Government Unit-Sewer Districts"

One year later the Coal Board sought a second opinion concerning the definition of "governmental unit". The problem was whether or not a local entity, such as a sewer district, could apply for local impact funds since neither the city nor the county were under any obligation to maintain lateral sewer lines (those leading from the house to the main), but were responsible for trunk lines and outfall lines. Therefore, the question under consideration was whether a sewer district was a "governmental unit" in this situation for the purpose of obtaining funds. The Attorney General's Opinion stated that a "governmental unit" could include:

"any other statutorily created government unit or district empowered to exercise delegated, sovereign powers over a defined geographical region of the State." (A.G.O., Vol. 37, Opinion 22, p. 11 (1))

This would include "county water and sewer districts organized under Chapter 45 of Title 16, R.C.M. 1947", "rural improvement districts organized under Chapter 22 of Title 16, R.C.M. 1947, and "special improvement districts created pursuant to Chapter 22 of Title 11 R.C.M. 1947".

October 5, 1977 - (Volume 37, Opinion 73) Distribution of Revenues

During the 1977 Legislative session the Montana Legislature created the Permanent Trust fund using coal severance tax dollars. This new fund reduced revenue to other coal tax fund recipients and became effective July 1, 1977. The wording of the new allocations was brought up for discussion when the Department of Revenue claimed that taxes "collected" after July 1, 1977 were to be included in the Trust fund, therefore cut from other funds.

Coal severance taxes are collected every quarter, and confusion arose because each coal mine operator is allowed 30 days at the end of each quarter to pay taxes for that quarter. (i.e. Taxes collected on coal mined between April 1-June 30 are due July 31) Since there is a one month lag between production and tax collection the Department of Revenue interpreted the Constitutional Amendment, adding the Coal Trust, as taxes actually collected after July 1, 1977. The Coal Board interpreted the same language as meaning coal *mined* after July 1, 1977.

The Coal Board wrote Attorney General Mike Greely in July 1977 in regard to the date that changes in the tax allocation occurred. The opinion came in October and stated:

"The distribution formula embodied in Chapter 540, Laws of Montana, 1977, applied only to taxes assessed on coal mined after July 1, 1977." (A.G.O., Vol. 37, Opinion 73, p. 5.)

This was an incredible relief to the Coal Board and to many coal impacted counties who were receiving money from the tax and had budgeted accordingly.

March 12, 1980 - (Volume 38, Opinion 72) Allocation of proceeds-Montana Coal Severance Tax

During 1980 two Attorney General Opinions were requested by the Board. The first concerned the percentages allocated to the Educational Trust Fund and the coal area highway improvement account; and the Legislative intent concerning allocation to the General Fund for the quarter ending June 30, 1979.

In order to answer these questions the Attorney General first had to clarify the meaning of the term "collections". The Montana Coal Severance Tax is based on four quarters and tax payment must be taken care of 30 days after the quarter ends. According to Opinions of the Attorney General, Volume 37, Number 73 (see page 19) the term "collections" is intended to apply to "revenue assessed on coal mined after the beginning of the fiscal year and

not on all revenues received during the fiscal year."

The request for an Attorney General's Opinion concerned three questions. 1) Under 15-35-108 (2)(c), MCA, should the allocation to the Educational Trust Fund for the quarter ending June 30, 1979 be 26.5% or 37.5%? 2) Should the Coal Area Highway Improvement Account receive 13% of the tax for the quarter ending June 30, 1979? 3) Did the Legislature intend to reduce Coal Severance Tax allocation to the General Fund for the quarter ending June 30, 1979 by enactment of chapter 694, Laws of Montana, 1979; which would provide 1% of the remaining proceeds for the State Library Commission?

The Attorney General's Opinion stated that the definition of "collection" would hold as defined in Opinions of the Attorney General, Volume 37, Number 73. Therefore, according to the wording of 15-35-208 (2)(c)(d), MCA:

Severance tax collected under the provision of this chapter are allocated as follows: ...

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance: ...

(c) 26.5 percent until July 1, 1979 and thereafter 37.5 percent to the earmarked revenue fund to the credit of the local impact and education trust fund account;

(d) For each of the two school years following June 30, 1977, 13 percent to the earmarked revenue fund, to the credit of the coal area highway improvement account;

Hence, both the allocation to the Education Trust Fund and the Highway Improvement Account would not be changed until July 1, 1979, at which time the Education Trust Fund would receive 37.5 percent and Highway Improvement Account would receive 13 percent of the remaining 50 percent of the tax.

The third question was addressed by stating that the percentages were not due to change and the new amendment would not be effective until after June 30, 1979. Section 3 of chapter 694, provided:

This act is effective upon passage and approval and applies to all coal severance tax collections after June 30, 1979.

June 16, 1980 - Reclamation of grant monies following lawsuit (City of Hardin)

The City of Hardin needed to expand its sewer lines to accommodate the townspeople. They ran into a huge problem when their contractor did not complete the job which was originally funded by the Coal Board. Hardin officials brought the bonding company to court to reclaim damages, but the sewers needed to be taken care of immediately. They went to the Board and asked for a grant that they would repay from any settlement

from the lawsuit. The legality of this move was questioned and an Attorney General's Opinion was sought.

In the request they asked 1) "May the Coal Board award a grant to a city on the condition that the city agree to repay the grant from any recovery received from a pending lawsuit?" 2) "May an incorporated city in Montana agree to pay to the Montana Coal Board money from a judgement resulting from a pending lawsuit?"

Attorney General Mike Greely responded and approved of the action stating that "it is a valid exercise of the Board's power to award a grant subject to the condition that the city repay the amount if successful in the lawsuit." Further, "Montana law does not prevent a city from entering into such an agreement with the Coal Board." (A.G. Opinion, June 16, 1980) The City of Hardin repaid the Coal Board following the lawsuit.

September 1, 1981 - (Volume 39, Opinion 31) Drug/alcohol assistance

The City of Billings and Yellowstone County came to the Coal Board in request of a grant totalling \$600,000 to buy and renovate a building for the Rimrock Foundation to use for assisting people with alcohol and drug related problems. The building would ultimately be given to the Rimrock Foundation. It was unknown if the Board could legally grant money to a city or county for a structure that was

intended to be given to a private corporation.

In September 1981 Attorney General Mike Greely responded to the request. It was his opinion that both cities and counties have a legal right to provide alcohol and drug assistance to the residents of that area. He further stated that local governments can contract with non-profit corporations in exchange for services such as drug and alcohol aid. It was further authorized that nothing was discovered making such a project ineligible for Coal Board funds. Therefore, the application was legitimate and could be funded through the use of Coal Board money, if they saw fit to do so. The Board eventually denied the Rimrock project for reasons other than the legality of like projects being funded through local impact funds.

February, 1983 - (Volume 40, Opinion 4) Encumbering Funds

At the end of fiscal year 1982, the Coal Board desired to encumber the FY82 funds to grant money to eight projects that were in the pre-application stage as of June 25, 1982 but full applications had been called for to be reviewed at their July meeting. The Department of Commerce Central Services Division informed the Board that funds could not be encumbered after the end of the fiscal year unless there was a "valid obligation" attached to those funds. According to central services a pre-application approval was not considered a "valid obligation".

Five questions were brought to the Attorney General. Was a "valid obligation" obtained at approval of a pre-application (when a full application was requested), or when a full application was approved? Is it legal for the Board to encumber funds at the preliminary stage of the application process? Are funds from the preceding year available for the Board to award grants or are these funds immediately reverted to the Educational Trust Fund? If unexpended funds are immediately reverted, can the Legislature reappropriate them for the subsequent fiscal year? Does the seven-fifteenths appropriation established in 90-6-205, MCA, refer to revenue from each individual fiscal year or the total revenue paid into that account since its inception?

In response Attorney General Mike Greely stated that:

- 1) The acceptance of a pre-application and request for a full application does not constitute a "valid obligation"; therefore, the Coal Board was not authorized to encumber funds at the pre-application stage.
- 2) All monies unexpended and unencumbered at the end of a fiscal year were immediately reverted to the Educational Trust Fund as stated in section 17-7-304, MCA.
- 3) The Coal Board may encumber funds only at fiscal year end if there is a "valid obligation" attached to those funds under section 17-7-302, MCA.
- 4) According to section 90-6-205, the Legislature intended to limit the Coal Board to seven-fifteenths of the

income projected for each year not on revenue from the beginning of the Coal Severance Tax.

The Legislature would have the ability to change this interpretation by doing any of the following. They could exempt the Coal Board from the reversion provisions of section 17-7-304, MCA. This would essentially add unexpended funds from one fiscal year to the next without reversion. An amendment to section 90-6-205, MCA could clarify the Legislative intent concerning the application of the seven-fifteenths limit. Or the Legislature could appropriate, to the Coal Board, more than the seven-fifteenths projected revenue for the upcoming fiscal year, thereby showing their interpretation of limitation and amending it by implication.

September 1988 - (Volume 42, Opinion 110) Interest and income

The last Attorney General's Opinion requested by the Coal Board was in 1988. It was in regard to whether the Legislature had the authority to appropriate income and interest on the coal severance tax trust fund, since July 1, 1983 and deposited to the permanent fund pursuant to section 17-5-704, MCA, by a simple majority. It was Mike Greely's opinion that according to Article IX, section 5 of the Montana Constitution, 50% of the Coal Severance Tax must be dedicated to a trust fund whose principal must "forever remain inviolate". The income and interest on the trust, however, could be appropriated by a

three-fourths majority vote in both Houses. Therefore, the Legislature does not have the authority to appropriate income and interest earned by the coal severance tax trust fund by a simple majority.

LEGAL PROBLEMS

Two major lawsuits against the State of Montana, concerning the Coal Severance Tax, have been filed since 1975. Both began in 1978 and were eventually appealed to the United States Supreme Court. The first claimed the tax was invalid under the Commerce Clause and the second was based on the Supremacy Clause of the United States Constitution.

Coal companies started questioning the validity of the Montana Coal Severance Tax in 1978. The companies began paying their taxes under protest and by mid-summer only \$97,000 of \$1.34 million in coal severance tax was not paid under protest. The companies filed a complaint calling to halt the spending of taxes paid under protest. There was fear of litigation against the State of Montana concerning the tax on all coal leaving the state and on the 30% tax in general. Both of these issues were believed to be unconstitutional according to the coal companies.

This placed the Coal Board in a difficult situation. They had been basing their grants on the biennium budget. The amount they had granted, yet unpaid, exceeded their on-hand balance by nearly \$2 million, if all

of their funds were taken. This kind of law suit could cause serious problems not only for the Coal Board and related organizations but the state, as well. Without the revenue from the Coal Severance Tax the state could be indebted for years in an attempt to repay and make-up that money.

Due to the problems associated with the possible law suit, the Board decided to follow the recommendation of the Office of Budget and Program Planning and passed a resolution stating:

RESOLVED, that the Coal Board's policy is to meet its existing financial commitments prior to obligating funds on hand to new grants, provided that the Board may waive this policy in cases where the need for a project constitutes an emergency as determined by the Board.

This made it clear as to why no new grants were being funded during this time frame and guaranteed that those with grants outstanding would receive the funds awarded them.

After meeting with the Coal Tax Oversight Subcommittee, the Coal Board rescinded its resolution to not grant protested tax funds. They began to function as usual and ignored the potential lawsuit. Grants were again approved, not as "according to the availability of funds" but on a regular approval basis.

By the end of 1978 no court date had been set. The Montana Supreme Court rejected the coal companies claim in 1980 (Commonwealth Edison Co. v. State, 189 Mont., 615

P2d 847 (1980)). In July 1981, the U.S. Supreme Court upheld the Montana ruling (Commonwealth Edison Co. v. Montana, 453 U.S. 608 (1981)). The 30% tax was not unconstitutional simply because it was substantial and it was not against interstate commerce laws to tax coal leaving the state. All protested taxes were no longer in question, and the local impact as well as all other funds receiving monies from the coal severance tax could use their monies without fear.

In 1978 the Crow Tribe first filed its litigation against the State of Montana. It alleged that the state could not legally collect severance and gross proceeds taxes on coal mined on the Crow Reservation or on the adjoining ceded strip. The ceded strip is land between the reservation and the Yellowstone River that belonged to the Crow Tribe until the early part of the twentieth century when the federal government reduced the size of the reservation by taking a large tract of land to be used for homesteading and subsequent development. The mineral rights at the mine site are owned by the Crow Tribe but the surface land was taken by the Federal government.

Westmoreland Resources had possession of the mineral rights to Crow and state owned coal on the ceded strip. They joined the Crow Tribe in a suit against the state. Their claim was that the land was reservation status and that the tax had a negative affect on the Tribe's ability to sell the coal and,

therefore, interfered with their efforts to use Tribal self-government. Beyond having the tax declared invalid in reference to coal mined on Crow land, the Crow tribe sought restitution on the taxes already paid by Westmoreland Resources, Inc. The District Court ordered that all taxes paid by Westmoreland on the ceded strip after January 1, 1983, were to be placed in escrow pending the outcome of the litigation.

The Montana Supreme Court found in favor of the State of Montana. That decision was reversed in an appeal to the 9th District Court in 1987. The State countered with an appeal to the U.S. Supreme Court in 1987. Unfortunately for the State the 9th District Court opinion was upheld. It was estimated that the State stood to lose nearly \$100 million over this litigation (\$60m in taxes collected on the ceded strip since 1975, \$21m in taxes collected and placed in escrow since 1982 and \$4m in interest).

Two issues remained unresolved as a result of the 1981 U.S. Supreme Court decision. The first issue questioned the proper disposition of escrowed funds. The state eventually paid \$30.1 million to the United States to be placed in trust for the Tribe. The second issue has yet to be resolved. It encumbered the Tribe's claim to taxes paid to the state by Westmoreland Resources, Inc. before being escrowed. This amount came to a sum of \$48 million not including interest. In July, 1991, the District Court granted the State the right to appeal to the Ninth

Circuit Court. In July, 1992, however, the Court of Appeals determined that leave to appeal had been improvidently granted and dismissed the appeal.

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In March 1981, a question arose concerning the legality of Rural Special Improvement Districts (RSID) and Special Improvement Districts (SID) applying for Coal Board grants. Legal counsel informed the Board that the county in the case of RSIDs and the city in the case of SIDs are authorized by law to represent these areas, therefore the RSID and SID may apply for grants through the county and city respectively.

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In October of 1991 a concern arose from the Legislative Fiscal Analyst's Office questioning the Coal Board's right to re-grant unexpended funds and excess administrative money rather than having it automatically revert to the School Foundation Program. It was determined that unencumbered funds at the end of the biennium were to be reverted to the state revenue fund for equalization aid to public schools. Until that time the Board had full discretion as to where the money would be spent, if at all. The only restrictions on the Board's granting authority were that the grants had to be impact related; 50% of available grant funds had to go to "designated impact areas"; commitments could not be made for more than ten years at a time; and no more than 7% of each year's spending authority could be granted to

federally recognized Indian Tribes and state agencies. In reference to Opinions of the Attorney General's Opinion, Volume 40, Number 4, 1983, the Board could also use funds during another biennium if they were already encumbered at the end of the previous fiscal year.

DEFENDING ITSELF

In the beginning the Coal Board was under pressure from the citizens of Miles City and Colstrip. Miles City officials and the Coal Board were in sharp opposition when determining whether or not Miles City was an impacted area. Opposing census figures were used to refute each other's findings. Finally, in January of 1977, Miles City began to make a little head way and their perseverance paid off. In no time, they would receive better than \$1.5 million in Coal Board grants.

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The Board was asked to attend a meeting with the Oversight Committee in early 1977 to discuss issues raised by the Colstrip School Superintendent. The Board members made it known that they were sitting in on the meeting by their own choice and were under no legal obligation to be present. They did, however, feel it necessary to attend in defense of the Coal Board and its integrity. The Colstrip school superintendent brought the Coal Board in front of the Oversight Committee in objection to grants that had been denied and

felt Colstrip had been dealt a "dirty deal". The Board members explained that applications #0002 and #0003 had not been turned down, they were simply awarded on a yearly basis since the request was for ten years of funding. The rest of the application had not been turned down but would be reviewed each year to determine its standing and the amount of money available to grant. The superintendent was misinformed and was asked to restate his complaints against the Board. The superintendent had the misunderstanding clarified, and the Coal Board was justified in its actions.

While the Board worried about whether or not their funds were still available due to Commonwealth Edison Co. v. Montana, severance tax suit, in 1978, the Legislative Finance Committee further complicated matters by claiming that the Board was granting funds illegally. According to HB145 the Coal Board was required to submit all "proposed grants" to the Legislative Finance Committee four weeks prior to final approval for financial consideration. It became obvious that a gross misinterpretation of the law's wording was the cause of the problem. The entire argument revolved around the definition of the single phrase, "proposed grant". This issue had been discussed extensively with the Oversight Subcommittee as part of HB145 and was believed to have been resolved in the middle of 1977.

The Legislative Finance Committee defined "proposed grant" as

the full application after it had been approved by the Board. They considered this to be the time in which the four week period began.

The Coal Board interpreted "proposed grant" to mean the pre-application after it had been reviewed by the committee, and the Board called to have a full application submitted. The four week time frame would begin at this point so as not to hold up the projects longer than necessary.

The Board also felt that they were under no obligation to the Legislative Finance Committee to consider any of their recommendations. According to the Oversight Subcommittee, that committee's only job was to look at the pre-application form and state either "yes" or "no" as to whether there were funds available. They were not there to decide who could or could not receive grants or to give recommendations and the Board had no other legal ties to the Legislative Finance Committee.

Relations were strained further when the Legislative Fiscal Analyst's Office sent two reports to the Board with an attached letter stating that the Board would agree 1) not to discuss reports or their contents publicly prior to the Legislative Finance Committee hearing them; 2) not to duplicate reports; and 3) to submit any reactions to the Fiscal Analyst's Office.

Upon discussion with the Oversight Subcommittee it was decided that this letter of condition was not to be signed under any circumstance. This was not only unethical but also

went against the legal limits where the Coal Board was concerned. The Board is bound to hold its meetings in public; therefore, in order to abide by the first requirement of secrecy, they would have to go against the rules set forth by the Legislature.

It was the Coal Tax Oversight Subcommittee's opinion that the ONLY interim legislative body the Coal Board needed to consult with and satisfy was the Subcommittee's membership. More than one Legislative body attempting to oversee the Board would only result in confusion. Grants would become a political question not a human need question and the Board would no longer be able to function in a productive manner. Due to this belief the Coal Tax Oversight Subcommittee began planning legislation stating that they were the only Legislative body the Coal Board needed to answer to and that the Legislative Finance Committee and Department of State Lands were to direct any questions through them.

FINANCIAL CONCERNS

A meeting between the Coal Tax Oversight Subcommittee and the Montana Coal Board in September, 1976 brought out some interesting information. Senator Tom Towe and Senator Dave Manning, who were in essence the "fathers" of the Montana Coal Severance Tax and members of the Subcommittee, were present. Many questions were asked of each of the committees and a great deal of time

was spent attempting to clarify issues. One such question referred to what was done with Coal Board funds both before and after it was committed. The money is invested in the state Short Term Investment Pool (STIP) where it draws interest which is reverted back to the University System. Payments on projects are made by state warrants on invoices received. Therefore, that money is receiving interest for the state until it is absolutely required for the projects.

Annual audits are conducted by outside Certified Public Accounting firms in order to make sure that the grantees are spending their grant funds properly and that the Coal Board is paying the proper amounts. Because of this process the Board requires grantees to keep a separate account for grant project costs to account for each individual grant. They have established a monitoring system for grant completion procedures, and have also approved a change in their grant agreement to establish a retainage fee in order to ensure grantees comply with reporting requirements. (Coal Board meeting, December 1984, minutes, p. 5.)

By the end of 1978 the Board had granted approximately \$16 million to coal impacted communities and had denied an estimated \$11.5 million. That is a productive three years.

After five years the Coal Board and the Coal Severance tax had received a lot of money and done a

great deal of good. Between 1975 and 1980 total revenue from the Montana Coal Severance Tax equalled approximately \$217.4 million and the Education Trust Fund stood at more than \$20 million. The Coal Board had awarded approximately \$25.8 million to coal impacted localities and reverted an estimated \$3.1 million to the Education Trust Fund.

1980 was a great year for the Montana Coal Board. They received a large monetary sum, hence, the ability to grant money to a large number of projects. They received approximately \$9.0 million in FY80 approving \$7.7 million to localities and reverting \$1.2 million to the Education Trust Fund. Overall, the Coal Board was very successful over the first five years and it looked like it would continually get better.

By 1985 Coal Severance Tax collections had reached \$587.9 million. The Board had granted nearly \$56.7 million and reverted more than \$6.7 million to the Education Trust fund. At the end of fiscal year 1990 coal tax revenues neared \$1 BILLION. The Coal Board had received more than \$75 million and the Education Trust stood at just over \$75 million as well. These calculations are figured even though the Legislature took all reversions from the Education Trust and the Coal Board's spending authority from 1987 through 1989 and transferred that money to the General Fund to assist in limiting the budget shortfall.

PROJECTS

In 1976 the Coal Board had authority to grant approximately \$3.9 million to communities in eastern Montana impacted by the coal industry. They approved \$5.2 million and were able to carry forward \$1.3 million to fiscal year 1977 (FY77). Fourteen different grants were awarded that year. The first was to Forsyth High School in the amount of \$27,000.00. Forsyth Elementary School District #4 received the largest sum for the first year, a total of nearly \$2.5 million. The remaining grants included aid to the Sixteenth Judicial District, schools, water treatment, sewage upgrading, equipment, a library, city planning and a county jail. That is a pretty impressive start for a fledgling organization.

Through the years the Montana Coal Board has been very successful in getting things accomplished. They have awarded nearly 230 grants in seventeen years of existence ranging in size from a few thousand dollars to multi-million dollar projects. Some of the projects take only a short time to complete while other may take years. Diversity has helped make the Coal Board strong and committed. They have given funds to cities, counties, school districts, health and human development needs, recreation and to many others worthy projects. A few grants were even quite controversial.

The first pre-application reviewed was from the Lame Deer School District. It was a request for \$6,000.00 to implement a program that would concentrate on educating the students on tribal culture, rituals and history. Through review, the Board decided that even though Lame Deer was within a coal impacted area, this particular request was not coal related; therefore, it was not an eligible application. It was fully explained to school district officials that the Board was not denying Lame Deer Schools in general. The Board understood the importance of this program to the community and its people, however, it was not required as a result of coal development; therefore, local impact monies could not be granted. School officials were understanding of the Board's decision. (Three years later, when Lame Deer Schools submitted their next application for future school construction including architectural design and educational assessment, they were granted \$18,420.00.)

The denial of the Lame Deer pre-application set a strong precedence requiring that grants be given only for projects made necessary as a result of coal development (especially population increase that puts undue burden on the people of the community). If this decision would have been reversed, the entire Coal Board history may have changed with it. This was an important decision for the Board to make because it paved the way for future Board actions.

It was discovered that many communities were either unaware of the good the Coal Board had done for their areas or were beginning to take advantage of Coal Board funds. One example of this was project #0064, Forsyth Solid Waste Improvement. The city was granted \$145,000 to create a solid waste transfer station and purchase a transfer trailer in mid-1977. In January of 1979 they returned and claimed that the costs were underestimated and they would need an additional \$115,000, nearly 100% of the original grant. It seemed apparent that the city officials had done all they could to get this project done right but were meeting with opposition from the public. After lengthy discussions with the mayor of Forsyth, the Board moved to deny the grant in order to make people aware of the need for local effort.

Within two months the city officials returned with a proposal for an additional \$59,000 (rather than \$115,000) and were granted it. This signifies the stance of the Board, that they were not going to be taken advantage of. It also exemplifies to some extent the way the Board's flexible guidelines for determining local effort work for them and for the community.

The Board ran into a small snag in voting on the Tri-county Solid Waste Disposal Plan (#0068). In the group's procedures it stated that it would take a majority vote of the members present to pass a motion.

They also decided that if any member worked for the applicant or would otherwise gain personally from the grant's approval, that member would not vote on that full application. In this particular case there was one member absent, one member voted to deny the application and two members were from the impact area, therefore abstained from voting. This left only three of the six members present voting to approve the grant. After a lengthy discussion, both members who abstained from voting withdrew their abstentions and the grant was approved. This was the first time any such problem arose and it seemed that the members handled it very well.

Project #0136 Big Horn County/Nursing Home Construction is another perfect example of a controversial grant. It was brought to the Board in late 1980 and their legal authority was unclear. Questions related to 1) whether the Coal Board could legally fund such a project, and 2) the relationship between nursing homes and coal development arose.

In October 1975, Senator Towe stated that "senior citizens were not eligible (for Coal Board grants), as they have nothing to do with coal development." This statement by the person who drew up the bill that created the Coal Board should have eliminated this project in its entirety.

The Board decided that since the Coal Severance Tax and the Montana Coal Board had been in existence five years and the building

would not be built and operational for an additional two years, there would be senior citizens that were affected by coal development and would be in need of this type of facility. A motion was made to grant \$250,000.00 front money for the construction. The vote was also questionable. It passed - three in favor, two against, one abstention, and one absence. (Later, the rules on voting changed to a majority of the Board members, not a majority of the members present. With the stricter voting rules this motion would have failed.)

Grants for law enforcement needs have equalled about \$9 million. The Eastern Coal Counties Task Force (ECCTF) has been receiving grant money since 1982. Over the last ten years undercover drug enforcement teams have been established in nine coal impacted counties. The teams consist of five agents and a county deputy sheriff. They work together undercover through informants, usually arresting numerous suspects at a time which keeps a continual cycle moving through the County Attorney's office for prosecution. These teams have successfully seized over \$6 million in illegal drugs and apprehended more than 700 top and mid-level drug suppliers.

Money from the Coal Board has also been used by ECCTF to implement the D.A.R.E. (Drug Abuse Resistance Education) program. D.A.R.E. is a program used to bring drug education into the school system. Positive role models, such as former Cincinnati

Bengals linebacker Reggie Williams, have been used to conduct anti-drug discussions, in hopes of conveying the dangers of drugs and alcohol to both parents and students in order to stop drug abuse before it has a chance to begin.

The ECCTF has been very successful. Since 1982 they have received more than 2.7 million dollars through six different grants. Their efforts are still being funded by the Coal Board, and thus far have proven to be very successful and worth continued funding. Counties all across Montana would like to join in this drug enforcement effort but due to limited funding are unable to. With the aid of state funding it could become a statewide program.

The Coal Board has also been involved internationally. The North Fork Flathead River Baseline Water Quality Study involved the prospective Cabin Creek Mine just north of the Montana-Canadian border in British Columbia. A \$206,600 grant was awarded in 1985 to assess the characterization of suspended sediment and baseline conditions related to the proposed mine at the headwaters of the Flathead River. This question involved the International Joint Commission (IJC), which was formed by the United States and Canadian governments to settle disputes over water flowing between the two countries. (Coal Board meeting, August 1985, minutes p. 9.) The 27 month study discovered unnatural amounts of phosphorous and nitrogen in the water and also showed how these minerals have already

effected Flathead Lake and what it might have on the future. The company did not successfully complete the three step detailed environmental assessment required of all Canadian mining companies before beginning construction on a new mine; therefore, construction was not pursued. (Coal Board meeting, December 1988, minutes, p. 7.)

The Montana Coal Symposium was held during March of 1988 in Billings. With 21% of the nation's coal and the most important mineral economic resource in Montana the Montana Coal Symposium was an opportunity to make people aware of the importance of coal as a natural alternative energy resource, especially as it is related to Montana. Its purpose was to increase the awareness of the needs present in the impacted areas and to educate the people of Montana as to the need of the Coal Board and the importance of coal to the state's economy.

The symposium was divided into four sessions and featured keynote luncheon speakers over two days. The sessions entitled "The Resource", "The Process", "The Concerns", and "The Future" were comprised of panelists from government, industry, environmental groups and education. The keynote speakers were industry specialists from Westmoreland Resources and Western Energy.

Approximately 100 people attended the symposium, including Coal Board members, panelists, industry personnel, legislative

candidates, state employees, railroad people, and university representatives. People came from all over Montana as well as from Arizona, Wyoming, Colorado, and Kansas. Returned evaluations rated the meeting between good and excellent and, on the whole, the symposium was a success.

FEDERAL IMPACT AID

The Farmer's Home Administration (FmHA) 601 Funding Program was a federal program created during President Jimmy Carter's administration to assist energy impacted areas of the United States through loans and grants. In 1979 the 601 Funding program, fashioned to aid states severely impacted by coal or uranium development, was established. An estimated \$75 - \$125 million was available for grants throughout the United States, of which the State of Montana was eligible for approximately \$286,500.00. Eight counties in Montana were included.

The 601 Funding program consisted of two main parts. The first was designed to give grants for planning and improvement in impacted areas and the second concentrated on site acquisition and development. FmHA would grant money for up to 75% of the acquisition costs, but a major problem was that the monies could not be used for actual construction. During 1980, of approximately \$1 million in grant monies available, nearly \$900,000 was turned back due

to the difficulty in gaining commitment on land acquisition.

During succeeding administrations, programs such as 601 Funding fell in importance and energy issues were not as highly prioritized as with the Carter administration. These programs ended up on the "chopping block" and were terminated.

DOCUMENTATION

Marc Radosevich of Radosevich Partners, Inc. presented a plan to the Board in April, 1979 to document the work done on the grant projects to date. This was the first type of documentation done by the Coal Board in order to establish an historical account of what they had accomplished. The final product included a visual account of approximately 53 grant sites and consisted of still photographic displays, as well as slides that could be combined into a presentation. From that point on the Board had photos taken of all project sites and eventually commissioned a short video tape presentation. This first contract with Radosevich was an important move for the Board's visual history and documentation.

CONCLUSION

Most of the grants made by the Coal Board were awarded during the first ten years of the coal severance tax existence. Coal mining has since subsided and the impacts have been limited in intensity. There are still vast amounts of coal to be mined and with alternative energy sources becoming a large issue, the future, however unpredictable, has a great deal of potential.

Over the years, the coal severance tax has done what it was set up to accomplish. The Permanent Trust Fund has provided a safety net for the future, and the highway reconstruction account has helped build and repair the state's highways and infrastructure and continues to maintain them. The Local Impact fund has aided the impact areas in avoiding or at least minimizing problems associated with sudden population explosions.

Although the majority of impact projects have been funded there is still need for financial assistance in the coal counties, and as need for coal increases again as an alternative energy resource, the functioning, the ability and the necessity of the Coal Board will increase with it.

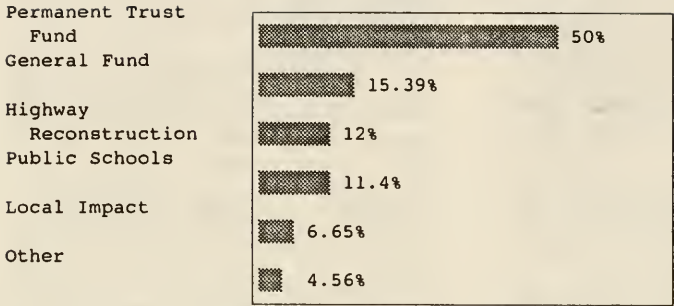
The earnings from the coal severance tax have leveled off in the last few years, but that does not mean that they are there forever. As a matter of fact tax receipts have fallen in the past and picked up again. The taxes collected on coal have fluctuated but there is a good

chance that they may pick up again soon. The graph on page iii shows the amount of taxes collected and the interest earned each year from 1976 - 1993.

In seventeen years of existence more than 30 million dollars has been granted to schools. Individual grant amounts range from \$13,000 for the Miles City Library Roof to \$3.3 million to build a new high school in Colstrip. Community/Recreation facility grants have equaled better than \$4.3 million. These funds have been used to construct city halls, recreation centers, and even a tennis court. Fire departments have received nearly \$1 million in grant funds. Grants for such things as a health nurse, ambulance, and hospital remodeling have been given in an amount exceeding \$3 million. \$6.5 million in grants have been for maintenance, planning and road projects. Water and sewer projects and solid waste grants have totalled approximately \$14 million.

Over the last 17 years the Montana Coal Board has successfully helped the coal impacted regions in various ways. They have granted greater than \$66 million since 1975. They have built schools that are second to none. They have aided towns and counties and the young and old alike. Overall the MONTANA COAL BOARD has been a very successful organization. Hopefully the Coal Board will be around another 17 years to help more impacted areas.

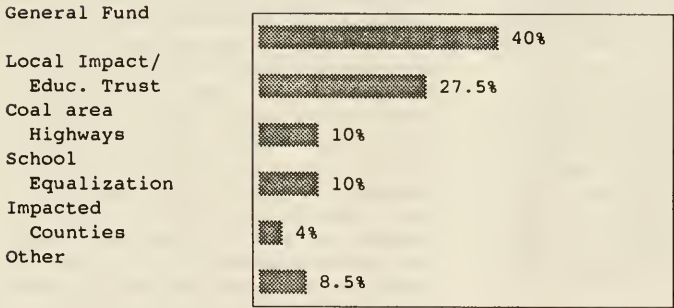
**COAL SEVERANCE TAX
Fiscal 1991 Distribution**



0 10 20 30 40 50 60

(Office of Legislative Fiscal Analyst
Coal Severance Tax Analysis)

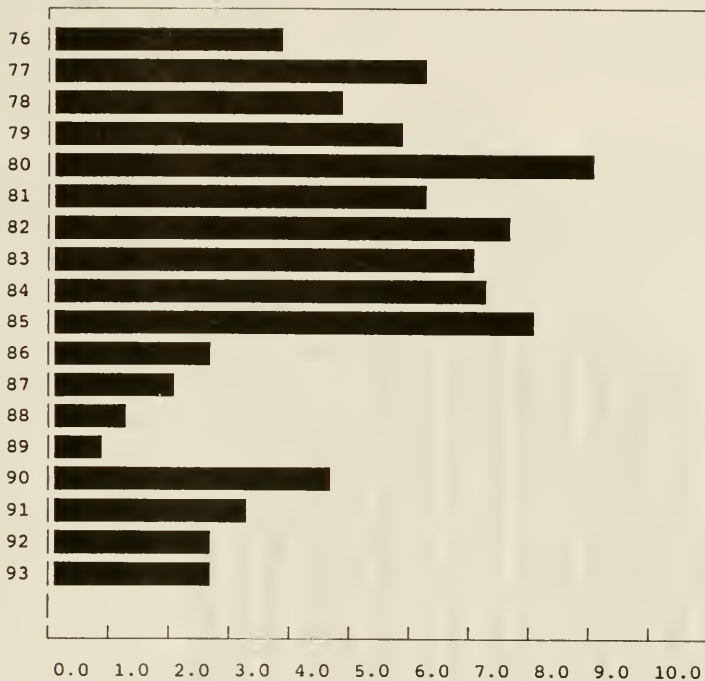
Fiscal 1976 Distribution



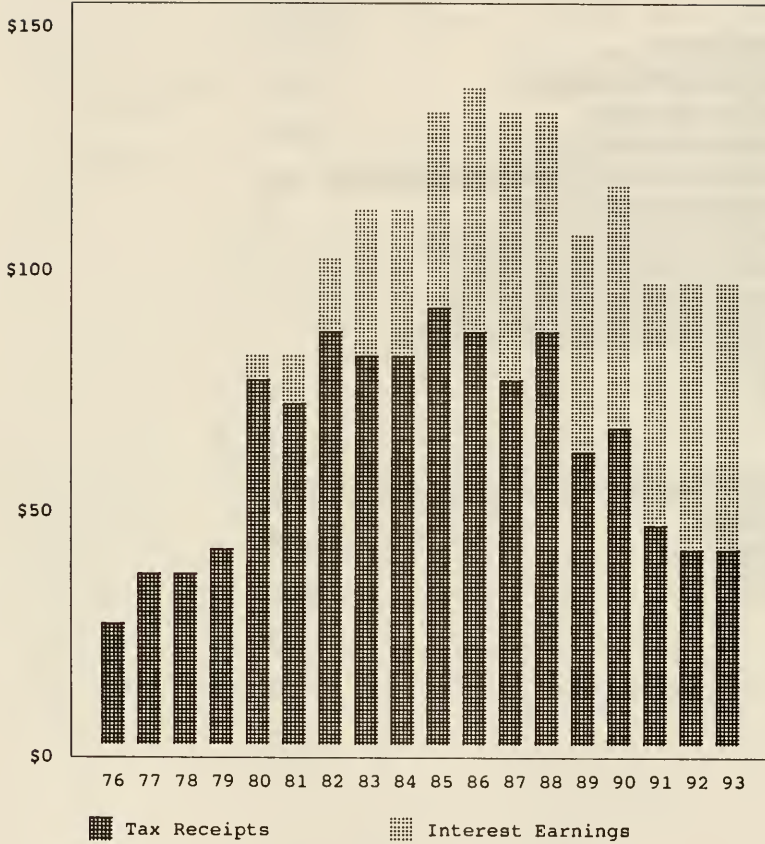
0 10 20 30 40 50 60

(Office of Legislative Fiscal Analyst
Coal Severance Tax Analysis)

MONTANA COAL BOARD
GRANT AUTHORITY
(in millions of dollars)



COAL SEVERANCE TAX
Tax Receipts & Interest Earnings
(Millions of Dollars)



(Office of Legislative Fiscal Analyst Coal Severance Tax Analysis)

BIOGRAPHIES

Each member of the Montana Coal Board is appointed by the Governor. Thomas Judge appointed the original seven Board members in 1975. Since then Ted Schwinden served as Governor for eight years and Stan Stephens has served four years. Four members are appointed immediately following the inauguration of the new Governor while the remaining three positions are appointed at the beginning of the third year of the Governor's term in office. Regular appointments occur in January of each odd year. Each member is appointed to a four year term and may be reappointed if the Governor so desires.

B.J. "SWEDE" GOODHEART (member 1975-1980) was the first Chairman of the Montana Coal Board and served in that position for two years. "Swede" is from Malta and worked in the insurance industry until retiring. Married with two grown sons and two daughters, he is very involved in an array of civic, social and political organizations, such as the Knights of Columbus, Loyal Order of Moose, B.P.O.Elks, Veterans of Foreign Wars, the Phillips County Democratic Central Committee and the Montana Official Association's Hall of Fame.

JACK COHN (member 1975-1979) was born and raised in Butte and taught mathematics, coached wrestling, and was an administrator at Helena High School for 33 years before retiring and becoming an officer in Due Process and Mediation for Special Education. He was the first Vice-chairman and the second Chairman of the Coal Board. He is married, has two grown children and is active in the Lewis and Clark County and Montana Retired Teachers Associations.

WILLIAM F. MEISBURGER (member 1975-1980) is a lawyer, served as Forsyth's City Attorney and was a member of the Coal Board for five years with two of those serving as Chairman. He is a veteran of World War II and a member of the World War II Combat Glider Pilot's Association. He is married with five children and five grandchildren.

WILLARD "BILL" ANDERSON (member 1975-1978) was appointed as one of the original Coal Board members. Bill was Superintendent of Schools in Hardin and worked for the Office of Public Instruction in Helena before retiring. He is married and has two grown sons.

EUGENE J. SCHULD (member 1975-1980) was manager of the Rural Electric Cooperative in Circle while serving on the Board. He was Vice-chairman during his final year with the Board. Gene is married and has one grown child. He is a member of the City Council, Kiwanis, American Legion and Veterans of Foreign Wars and is retired.

VERONICA (MRS. JOHN JUSTIN) SULLIVAN (member 1975-1980) was the first woman on the Board and was an original member. She is a lifelong resident of Butte, was a member of the 1972 Montana Constitutional Convention, and is involved in church activities.

HENRY SIDERIUS (member 1975-1982) served six years on the Board. He operated a small farm near Kalispell and was very active in the Democratic Party. He attended the 1972 Constitutional Convention and several Legacy Legislatures. Hank passed away in 1990 and is survived by his wife, Dolly, and four grown children.

PAUL PALM (member 1978-1988) received his Doctorate in education from the University of Montana in 1986, was a member of Phi Delta Kappa-Education Honorary, and is currently a private consultant in Helena. While on the Board he worked as a school administrator in Hardin and Havre and later was Superintendent of Schools in Clancy, MT. He was Vice-chairman of the Coal Board for two years and is married with three children.

DALE TASH (member 1979-1987) served on the Board for two terms and was a professor and administrator at Western Montana College in his hometown of Dillon. He retired from Western in 1985 to begin work for the Montana Department of Fish, Wildlife and Parks as park manager of Bannack State Park until retiring in 1992.

MONTY LONG (member 1983-1991) has been Flathead County Assessor for more than 10 years and served on the Montana Coal Board for eight years. He served three years in the U.S. Army and was awarded a J.C. International Senatorship in 1980. He was born and raised in Kalispell and is married with two children.

HERSHEL ROBBINS (member 1981-1988) served as Chairman of the Board during his entire tenure. He is from Roundup and is very active politically, both on the local and state level. He has served as Mayor of the City of Roundup, five sessions in the Montana Legislature, and Musselshell County Commissioner. He is married and has seven grown children.

NELL KUBESH (member 1981-1988) is a farm wife from Glendive who attended both Rocky Mountain College and the University of Montana, and has been active with the Glendive Toastmistresses, VFW Auxiliary, Farmer's Union, Dawson County School Board and the Northern Plains Resource Council. She served two terms on the Coal Board, one year as Vice-chairman and is the mother of seven grown children.

JACK G. STEVENS (member 1981-1988) is currently the president and chief executive officer of his own accounting firm in Great Falls. He received a B.S. in Accounting from Montana State University and has been involved in many different

organizations, ranging from the American Institute of CPAs to Toastmasters to the Montana State Foster Parents Program.

DARCY GALASSO (member 1981-1988) served two terms on the Board, is a graduate of Butte High School and Montana Tech and has been very active in the Butte and the Montana Jayceens, serving as president of both. Darcy is employed as catering manager at the Inn of the Park Hotel in Madison, Wisconsin and has two grown children.

GENE H. KURTZ (member 1987-1990) was a Coal Board member for one term and is an agent and registered representative of New York Life in Forsyth. He is a past Mayor and City Alderman of Forsyth, and former Principal of Forsyth Elementary School. He is involved with the Forsyth Chamber of Commerce, Rosebud County Democrats, Forsyth Lions Club, and the Montana Association of Life Underwriters. He is married with a daughter and a son.

HAL STEARNS (member 1987-1990) has taught social studies at Missoula Sentinel High School for over 20 years and was selected as Montana's Teacher of the Year in 1988. He has a masters degree in Education from the University of Notre Dame and a Doctorate from the University of Montana. He is a Colonel in the Montana Army National Guard and was a member of the Coal Board for one term. He is married and has a son and daughter.

GERALD C. "JERRY" FEDA was appointed in 1989 and has held the position of Chairman since 1991. A retired railroad engineer, he has remained very active in politics and civic organizations. He served for eight years in the Montana House of Representatives and is a member of the K.C.'s, Elks, Lions, the Brotherhood of Locomotive Engineers, and the Chamber of Commerce in Glasgow. He is married with four grown children.

ALAN EVANS was appointed to the Board in 1989 and is the current Vice-chairman. Alan is president of Evans Land Management Associates and is retired from the Bureau of Land Management. He has been active in many professional organizations, such as the Musselshell Valley Stockgrowers and the National Cattlemen's Association. He resides in Roundup with his wife and has three grown children.

BOB CARROLL has recently divested his interest in his environmental consulting firm in Helena and is working part time for Morrison Maierle/CSSA. Bob graduated from Montana State University with a degree in Film and Television. He is originally from Shelby and has one grown son and one daughter. He is a member of the Montana Chapter of Wildlife Society and was appointed to the Coal Board in 1989.

TED FLETCHER operates a ranch near Ashland and serves as a County Commissioner of Powder River County. He was appointed to the Board in 1989 and is a member of the Elks and Masonic Lodges. Ted is married and has three children.

JAMES D. ANDERSON is Superintendent of Schools in Colstrip and was appointed to the Board in 1991. He is involved in various educational organizations as well as the Colstrip Chamber of Commerce, the School Administrators of Montana and the American Association of School Administrators. He is originally from White Sulphur Springs and has one daughter and two grown sons.

THOMAS E. FINCH is serving his second year on the Coal Board. He is a Professor of Mining Engineering at the Montana College of Mineral Science and Technology in Butte and is a member of the American Institute of Mining Engineers and the Rocky Mountain Coal Mining Institute. He is married and has one daughter and two sons.

HELENA MACLAY was appointed to the Board in 1991 and is a partner in the law firm of Knight, Maclay, & Masar in Missoula and resides in Florence. She received her law degree from Northwestern University, School of Law in Chicago, Illinois. She is married and the mother of two sons.

COAL BOARD GRANTS

#0002	Colstrip Elementary School	\$	1,799,636.33	March	1977
#0002/03	Colstrip School Equipment		93,696.97	June	1977
#0003	Colstrip High School		1,022,317.50	March	1977
#0004	Ashland Elementary School		800,000.00	March	1977
#0005	Rosebud School District		465,000.00	Dec	1976
#0006	Rosebud County Planning		32,000.00	Sept	1976
#0007	Forsyth Elementary School		2,499,428.81	Dec	1976
#0008	Forsyth High School		27,000.00	July	1976
#0009	Forsyth Water Treatment		615,000.00	July	1976
#0010	Forsyth Wastewater Pump		150,000.00	Aug	1977
#0012	Forsyth Sewage		25,000.00	May	1977
#0014	Colstrip Sewage Treatment		538,000.00	June	1977
#0015	Ashland Water & Sewer		71,080.00	March	1977
#0016	Rosebud County Jail		100,000.00	Nov	1976
#0017	Hardin Sewer & Lagoon		266,475.00	June	1976
#0018	Hardin Capital Equipment		128,154.76	July	1976
#0019	Lodge Grass Capital Equipment		125,250.00	July	1976
#0020	Hysham Water Distribution		388,440.00	March	1977
#0022	16th Judicial District		24,829.00	July	1976
#0024	Lodge Grass Water Line		171,556.18	Dec	1976
#0027	Forsyth Capital Equipment		154,682.53	Sept	1976
#0028	Hardin Elementary School		2,041,648.00	Jan	1977
#0029	Hardin High School		1,167,999.99	Jan	1977
#0030	Treasure County Health Nurse		9,355.00	Dec	1978
#0031	Sagebrush Library		51,272.00	Oct	1976
#0033	Miles Community College		1,526,455.52	Nov	1977
#0037	Colstrip Street Cleaner		82,102.56	Feb	1977
#0038	Colstrip Water Treatment		620,215.35	Dec	1976
#0042	Dawson County Census		11,108.34	Jan	1977
#0043	McCone County Planning		42,000.00	June	1977
#0046	Hardin Water System		260,900.00	Aug	1977
#0047	Hardin Sewer Trunk Main		816,978.55	Aug	1977
#0054	Laurel Public Schools		228,825.00	May	1979
#0055	Hysham Sewer System		56,360.00	June	1977
#0056	Laurel Water Treatment		583,772.00	Sept	1978
#0057	Forsyth Municipal Water		81,331.71	June	1977
#0058	Forsyth Capital Equipment		44,273.06	May	1977
#0059	Colstrip Elementary School Equipment		38,544.70	Dec	1977
#0060	Rosebud County Sewer		49,400.00	June	1977

#0061	Treasure County Patrol Car	6,667.31	June	1977
#0062	Ashland Volunteer Fire Department	44,741.00	Oct	1977
#0063	Lodge Grass Capital Equipment	60,619.95	Sept	1977
#0064	Forsyth Solid Waste	203,934.50	July	1977
#0068	Tri-County Solid Waste Plan	268,004.34	Feb	1978
#0069	Big Horn County Courthouse	416,000.00	Nov	1977
#0072	Hysham Capital Equipment	49,982.00	Sept	1978
#0074	Custer County Water and Sewer	358,000.00	Sept	1978
#0075	Forsyth Elem.School/Const. & Equipment	193,082.18	May	1978
#0076	Forsyth High School/Const. & Equipment	290,938.88	Oct	1978
#0078	Hardin Capital Equipment	57,338.00	Sept	1978
#0079	Treasure County Planning	17,000.00	Sept	1978
#0080	Colstrip Community Services Facility	324,526.00	Oct	1978
#0081	Forsyth Capital Equipment/Truck	26,278.70	Dec	1978
#0083	Big Horn County Rural Fire Equipment	75,000.00	Oct	1978
#0085	Ashland Water & Sewer Bond	102,844.00	Dec	1978
#0086	Forsyth Schools/Remodeling & Equipment	35,000.00	April	1979
#0087	Treasure County Shop Complex	389,833.00	April	1979
#0089	Hardin Capital Equip./Black Topper & Truck	15,877.60	April	1979
#0090	Lame Deer Schools/Comprehensive Plan	18,420.00	Feb	1979
#0091	Miles City Public Library	82,600.00	April	1980
#0093	City of Billings/Planning Grant	50,000.00	July	1979
#0094	Laurel Sewer Line Extension & Equipment	231,419.00	June	1979
#0095	Hardin Water Line Replacement	463,173.71	Oct	1979
#0099	Hysham Water Renovation	101,900.00	Aug	1979
#0100	Big Horn Co./Law Enforcement Comm. Equip.	38,900.00	Oct	1979
#0103	Ashland Sewer Line Repair	51,434.55	Sept	1979
#0107	Forsyth H.S./Remodeling & Additions	1,750,000.00	May	1980
#0109	Colstrip Schools/Ed. Facilities Plan	34,500.00	March	1980
#0111	Colstrip Fire Truck	51,750.00	Dec	1979
#0113	Financial Assessment System	44,000.00	March	1980
#0114	City of Glendive/Street Paving	38,516.00	May	1980
#0115	City of Red Lodge/Comprehensive Plan	7,362.00	June	1980
#0117	Rosebud Co/Law Enforcement Equip/Services	48,198.68	May	1980
#0119	Spring Creek Co Water & Sewer/Fac. Const.	195,735.54	May	1980
#0120	Rosebud County/Mental Health Services	25,000.00	May	1980
#0121	Hardin Storm Sewer Sys. Improvement Study	9,488.15	Sept	1980
#0122	Lame Deer School Construction	449,954.86	June	1980
#0123	Rosebud Co./Gravel Crushing Equipment	189,249.00	June	1980
#0124	Colstrip Elem. School/New Construction	1,665,000.00	May	1980
#0125	Colstrip H. S./New Construction	3,367,883.00	May	1980
#0126	Forsyth City Hall	225,000.00	June	1980
#0128	Rosebud Co/Emergency Med. Serv. Radio	2,180.00	June	1980
#0129	Rosebud Co/Juvenile Probation Officer	18,000.00	June	1980

#0131	DCA/Impact Assistance Field Office	43,235.55	Oct	1981
#0132	Rosebud County/RSID #74	662,298.50	June	1980
#0133	Town of Hysham/Building Addition	20,886.90	Nov	1980
#0135	Treasure Co/Law Enforce.Vehicle/Services	27,354.00	Nov	1980
#0136	Big Horn Co./Nursing Home Construction	250,000.00	Dec	1980
#0137	Treasure County/Capital Equipment	35,000.00	Nov	1980
#0138	Rosebud Co.RSID #74/Trans./Water/Main	103,725.00	Nov	1980
#0139	Rosebud Co.RSID #74/Water/Storage/Reser.	312,925.00	Nov	1980
#0142	Rosebud Co.RSID #74/Cons. Water & Sewer	404,850.00	Dec	1980
#0146	Big Horn County/Road Equipment	322,000.00	May	1981
#0147	City of Hardin/Water System Expansion	675,000.00	June	1981
#0149	Big Horn Co/Decker Area Shop Facility	137,500.00	May	1981
#0150	Treasure Co./Front-end Loader/Attachments	172,945.00	June	1981
#0151	City of Billings/Spec.Crime Inv/Unit.Equ.	111,635.46	June	1981
#0152	Forsyth Fire Truck	99,857.29	June	1981
#0154	Treasure County Health Center	11,626.00	June	1981
#0157	Lodge Grass/Planning Study & Line Repair	47,596.01	Dec	1981
#0158	Lodge Grass/Law Enforcement Const./Equip.	55,699.00	Nov	1981
#0159	Cascade County/Comprehensive Plan	98,000.00	Dec	1981
#0160	Rosebud Co/Colstrip Water Tr. Pl.Expan. 1,	106,000.00	Oct	1981
#0161	Rosebud Co/Comprehensive H. S. Program	688,920.00	April	1982
#0162	Dawson Co/W.Glendive Wastewater Sur.Stdy.	53,446.00	Oct	1981
#0163	Town of Wibaux/Water System Plan	16,000.00	Oct	1981
#0164	Rosebud Co/Mental Health Serv. Renewal	35,000.00	Nov	1981
#0165	Big Horn Co/Decker Area Empl. Housing	71,317.00	Nov	1981
#0166	Custer County/Impact Planning	21,000.00	Dec	1981
#0167	Treasure Co. S.D./Storage Building	17,300.00	Dec	1981
#0169	City of Hardin/Sewer Cleaning Equip.	50,000.00	Dec	1981
#0170	Colstrip Fire Dist/Fire St. Const./Equip.	153,192.00	Dec	1981
#0174	Rosebud Co RSID #1-72-S/Sewage Plant.Imp.	205,000.00	Jan	1982
#0176	Eastern Counties/Law Enforcement Support	650,920.00	March	1982
#0178	MSU/Impact Assessment Model	40,000.00	April	1982
#0179	Rosebud County/Airport Necessity Study	15,095.00	March	1982
#0180	City of Forsyth/Sewer Trunk & Coll. Lines	523,352.34	April	1982
#0181	City of Glendive/Water & Sewer System Anl.	54,096.99	March	1982
#0182	Treasure County/Ambulance	37,708.00	April	1982
#0186	Lodge Grass/Water System Improvements	43,878.61	Aug	1982
#0187	Lodge Grass/Sewer System Improvement	167,436.33	Jan	1983
#0188	Dawson County/Jail Planning Study	47,822.81	June	1983
#0190	Forsyth S.D. #4/Paving & Equipment	185,258.00	Sept	1982
#0191	Rosebud Co/Mental Health Serv/Renewal II	40,061.36	Sept	1982
#0192	Big Horn Co/County Hospital Remodeling	1,088,162.00	Sept	1982
#0193	Mt. Bd. of Crime Control/Impact Handbook	25,000.00	Sept	1982
#0194	Treasure Co. S. D./School Construction	1,395,403.00	Nov	1982

#0195	Treasure Co./Road Equipment & Services	175,000.00	Sept	1982
#0196	Rosebud Co/Airport Site Study	46,404.00	Nov	1982
#0197	City of Hardin/Pumper Fire Truck	61,199.40	Nov	1982
#0198	Lame Deer S.D. #6/Phys. Ed. Facility	2,215,968.00	Jan	1983
#0199	Dawson Comm. College/Student Center	298,000.00	Jan	1983
#0200	Rosebud County/Colstrip Ambulance	44,000.00	Jan	1983
#0201	Big Horn Co/Solid Waste Canister	42,184.91	Jan	1983
#0202	Rosebud County/Maintenance Equip.	145,000.00	Jan	1983
#0205	Musselshell Co/Rural Planning Study	36,650.00	March	1983
#0209	Hardin S. D. #1/Boiler Conversion	271,000.00	March	1983
#0210	Lodge Grass Elem S.D.#27/Classroom Const.	536,228.00	Aug	1983
#0211	Lodge Grass H.S.Dist #2/Boiler Retrofit	507,600.00	Aug	1983
#0212	Huntley Project S.D. #24/Elem. Addition	369,261.00	July	1983
#0213	City of Hardin/Equip. Storage Building	67,937.00	June	1983
#0214	Ashland S. D. #32J/Teacher Housing	212,298.12	Sept	1983
#0215	City of Forsyth/Water System Imp.	10,000.00	June	1983
#0216	Ashland Fire Dist/Const. & Equipment	46,000.00	June	1983
#0217	Treasure Co/Sheriff's Patrol Car	9,975.00	June	1983
#0218	Rosebud Co. RSID #75/Water & Sewer Imp.	920,000.00	June	1983
#0219	Forsyth S.D. #4/Storage Bays & Paving	174,680.43	June	1983
#0221	Big Horn Co./Nursing Home Storage Fac.	25,554.00	Sept	1983
#0222	Rosebud Co./Mental Health Services/Ren.III	39,652.79	Sept	1983
#0223	City of Hysham/Fire Equipment	5,231.50	Nov	1983
#0224	City of Forsyth/Fire Apparatus Test. Equip.	6,407.70	Oct	1983
#0226	Miles Co College/Colstrip Ed. Center	119,235.00	Oct	1983
#0228	Big Horn Co./Decker Community Hall	130,043.70	Oct	1983
#0229	MSU/Coaltown Model Renewal	43,000.00	Oct	1983
#0232	Rosebud County/Hospital Construction	219,000.00	Feb	1984
#0233	Lodge Grass H.S. Dist #2/Vo-Ed Const.	1,626,301.18	Feb	1984
#0234	Rosebud S.D./Wall Reinforcing	97,259.12	Feb	1984
#0235	Rosebud County/Colstrip Building Addition	70,700.00	March	1984
#0237	City of Forsyth/Water System	173,965.00	March	1984
#0240	Custer S.D. #15/Classroom Construction	491,000.00	March	1984
#0241	Daniels Co. Cons. Dist./Water Monitoring	96,638.00	March	1984
#0243	Northern Cheyenne Tribe/Community Center	317,500.00	June	1984
#0244	Northern Cheyenne Tribe/Dorm/Student Un.	150,000.00	May	1984
#0245	Rosebud County/Colstrip Capital Equipment	83,700.00	May	1984
#0246	Rosebud County/Search & Rescue Equipment	30,361.41	May	1984
#0247	Rosebud County/Mental Health Computer	24,948.00	May	1984
#0248	Dawson County/Hospital Comprehensive Plan	30,000.00	June	1984
#0250	City of Hardin/Sewer Trunk Main	380,725.32	June	1984
#0251	City of Hardin/Capital Equipment	89,555.00	June	1984
#0252	City of Forsyth/Community Rec. Complex	1,123,280.00	June	1984
#0256	Treasure County/Road Equipment	103,000.00	June	1985

#0257	Yellowstone County/County Jail Revision	2,137,950.00	Jan	1985
#0259	Dawson Community College/Vo Ed Facility	1,087,300.00	June	1985
#0260	City of Hardin-S.D.1-17H/Comm. Act.Com.	1,800,000.00	Jan	1985
#0261	Rosebud Cons. Dist/Ground-Water Monitoring	50,760.00	March	1985
#0263	Big Horn County/County Shop Facility	262,200.00	May	1985
#0264	Hardin S.D.1-17H-Big Horn Co/Chem/Abuse P	311,700.00	Jan	1985
#0266	Yellowstone Co/Mental Health Facility	150,000.00	May	1985
#0268	Lame Deer S.D.#6/Teacher Housing/Heat Syt	834,140.00	March	1985
#0269	Birney S. D. #3/School Construction	72,000.00	May	1985
#0270	City of Hardin/Comprehensive Plan	34,867.00	May	1985
#0272	Powder River County/Comprehensive Plan	22,953.80	June	1985
#0273	City of Glendive/Sewer System Improvement	160,000.00	June	1985
#0279	Eastern Coal Counties/Law Enforcement Sup.	459,901.00	June	1985
#0280	Northern Cheyenne Tribe/Impact/Plan/Study	38,000.00	June	1985
#0281	MSU/Agricultural Salinization Project	78,532.00	Sept	1985
#0282	Flathead Co./No.Fork Flathead River Study	207,691.00	Sept	1985
#0283	Richland Co./Savage Multi-Purpose Building	25,000.00	Sept	1985
#0292	Big Horn Co./Decker Community Center	34,684.00	March	1986
#0293	Dept. of Highways/Sarpy Road Construction	240,000.00	March	1986
#0295	City of Hardin/Sewer Lift Station Improv.	70,000.00	May	1986
#0296	Rosebud Conservation Dist/Groundwater Mon.	42,360.00	May	1986
#0300	Northern Cheyenne/Com./Center/Support/Fund	48,137.00	June	1986
#0301	Big Horn County/Library Improvement	400,000.00	June	1986
#0303	Big Horn County/Highway 314	195,000.00	June	1986
#0304	City of Forsyth/Recreation Facilities	78,000.00	June	1986
#0306	Treasure County/Horse Creek Road	100,000.00	June	1987
#0309	Rosebud Conservation Dist/Groundwater Ren	46,250.00	July	1987
#0310	Eastern Coal Counties/Law Enforcement	596,954.65	July	1987
#0313	Rosebud Conservation Dist/Grdwater/Con.	100,410.00	Sept	1989
#0314	Eastern Coal Counties/Law Enforcement	627,839.00	June	1989
#0315	Treasure County/Sarpy Road Const.	1,816,263.00	Sept	1989
#0316	Rosebud County/Armells Creek Road	50,000.00	Sept	1989
#0317	Custer County/Mental Health Building	93,000.00	March	1990
#0318	Ashland S.D.32J/Playground Improvements	36,660.00	March	1990
#0321	Big Horn County/Bookmobile	50,000.00	Dec	1989
#0324	Forsyth S.D.#4/Middle School Addition	150,000.00	June	1990
#0325	City of Hardin/Sewer Line Replacement	30,000.00	June	1990
#0326	Big Horn County/Busby Tennis Court	7,800.00	March	1990
#0327	Musselshell County/ Comprehensive Plan	175,000.00	June	1990
#0328	Yellowstone County/Court Automation	95,348.00	March	1990
#0330	City of Forsyth/Tractor-Backhoe	15,000.00	June	1990
#0332	Richland County/ Fire Truck	75,300.00	Sept	1990
#0333	City of Forsyth/City Shop Facility	92,500.00	June	1991
#0335	Powder River County/Rescue Equipment	10,000.00	Dec	1990

#0338	Yellowstone County/Court Computer	33,805.00	June	1991
#0339	Ashland W/S District/ Deep Water Well	15,400.00	June	1991
#0340	City of Billings/ Processing Center	3,497.00	June	1991
#0341	Treasure County/Sarpy Road Chip Seal	217,000.00	Aug	1991
#0342	Rosebud County/Law Enforcement Vehicles	37,600.00	Aug	1991
#0343	Eastern Coal Counties/Law Enforcement	600,000.00	June	1991
#0344	City of Miles City/Library Repair	13,000.00	Aug	1991
#0345	Rosebud County/Highway 39 Improvements	80,000.00	Aug	1991
#0346	Town of Lodge Grass/Water System	181,600.00	Aug	1991
#0348	Rosebud Cons. Dist/ Groundwater II	99,138.00	Nov	1991
#0351	Eastern Coal Counties/Law Enforcement	101,389.00	Nov	1991
#0353	Colstrip Hospital District/Medical Clinic	225,000.00	May	1992
#0355	Lame Deer S.D./Heating System Upgrade	180,000.00	May	1992
#0357	Yellowstone County/Youth Detention Center	321,900.00	June	1992
#0358	Rosebud County/Dual County Landfill	250,000.00	June	1992

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